

Chapter 3 – Market Potential

Chapter Overview

In the previous chapter of this study, estimates of demand for commercial air service for each Idaho county were presented. These estimates relied on a variety of survey instruments and socioeconomic data. In addition, a statistical process known as the Gravity Model was used to determine the number of originating passengers (residents and visitors) associated with each county. This procedure provided a means to estimate the number of passenger originations each of Idaho's commercial airports "captures" from each county. Finally, the modeling process provided an estimate of passenger originations diverted from Idaho to airports in neighboring states.

The data described above is useful to Idaho's communities and airports to assess the status of their current market area. This same information becomes even more useful if analyzed in another context. The county-by-county passenger origination data presented in the previous chapter can be used to provide each airport with an estimate of unconstrained air travel demand that presently exists in its market area. Estimates of unconstrained demand can help each airport/community have a better understanding of the "upside" for commercial air travel demand in their specific market area.

This chapter provides a discussion of each airport, including the airport's "actual" and "theoretical" market areas. Commentary is also provided regarding each airport's potential ability to capture unconstrained passenger demand within its market area. Through various surveys and statistical research, the "actual" service airport for each airport was identified in the previous chapter. An important tool contained in this chapter is the "theoretical" service area for each of Idaho's commercial airports. In formulating the National Plan for Integrated Airport Systems (NPIAS), the Federal Aviation Administration (FAA) asserts that a typical market area for a commercial service airport encompasses about a 60-minute drive time. In today's competitive air service environment, however, the typical drive time market area for larger commercial service airports with low fare carriers extends at least 120 minutes.

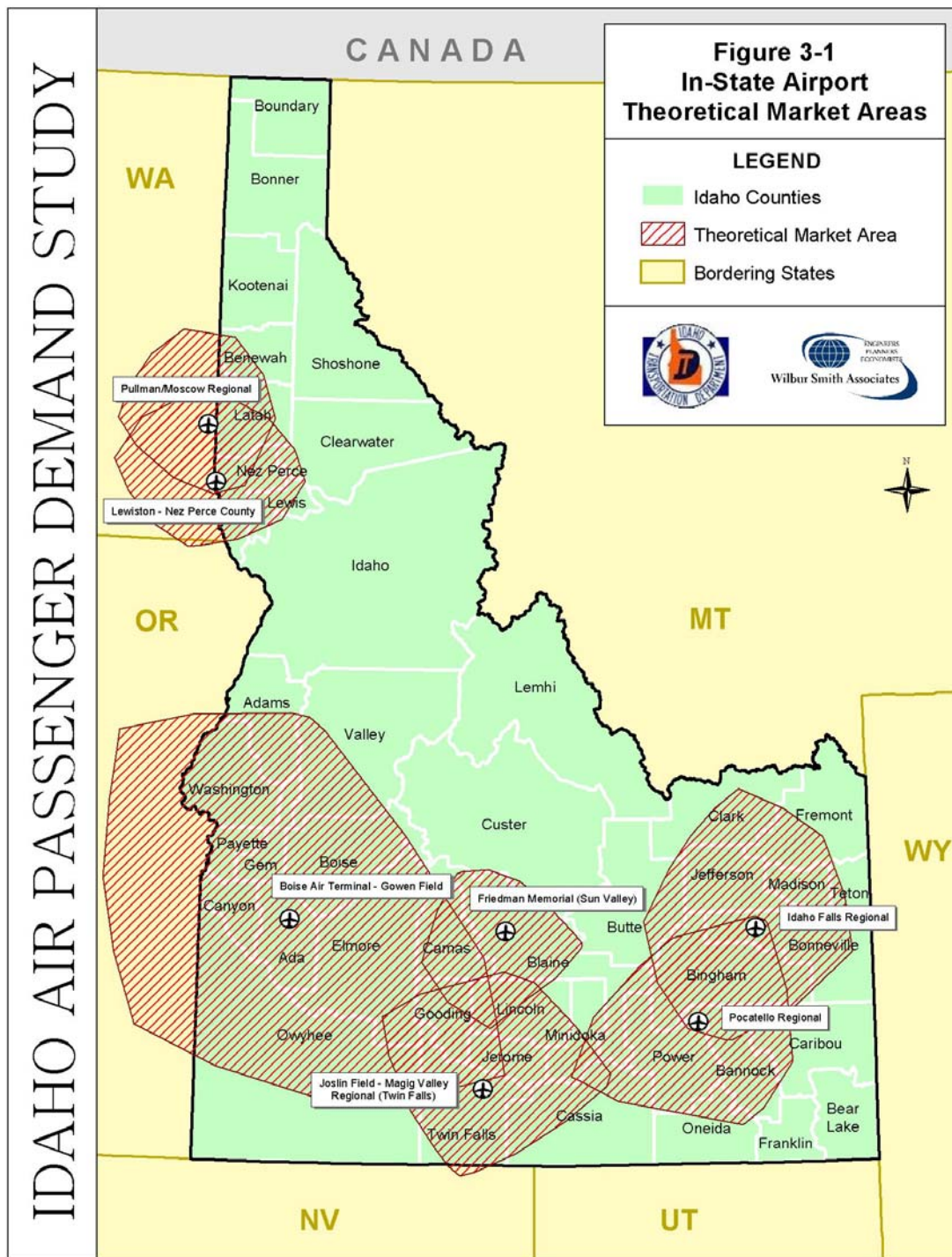
In this part of the study, each airport's actual market area is compared to its theoretical 60- or 120-minute drive-time service area. This comparison is done in part to develop estimates of unconstrained passenger demand for each of the Idaho airports. For this effort, a 60-minute service area was used for all Idaho airports except Boise's airport. In the case of Boise Air Terminal, a 120-minute service area was used. **Figure 3-1** shows the theoretical service areas for all Idaho airports. **Table 3-1** provides statistics on the number of counties in each airport's actual and theoretical market areas.

Table 3-1
Comparison of Market Areas

<u>Airport</u>	<u>Counties in Market Area</u>	
	<u>Actual</u>	<u>Theoretical</u> <u>(Drive Time)</u>
Boise Air Terminal	27	15
Idaho Falls Regional	12	10
Lewiston/Nez Perce County	7	5
Pocatello Regional	13	9
Pullman-Moscow Regional	6	3
Friedman Memorial (Sun Valley)	7	5
Joslin Field/Magic Valley (Twin Falls)	8	7

Source: Wilbur Smith Associates

In this portion of the analysis, each airport's actual enplaning passengers are compared to two hypothetical levels of passenger demand. First the total number of passenger originations in each airport's actual market area (determined in the prior chapter) is identified. It is important to note that when identifying this particular level of market area demand, competition between in- and out-of-state airports and overlapping market areas are both discounted. This results in passenger demand, in some cases, being assigned to more than one airport. For the theoretical market areas (established by drive times), passengers were assigned only once to one in-state airport. If Idaho counties were beyond the drive time market area for an Idaho airport, passenger originations in these counties were unassigned for this comparison. The results of these analyses for all study airports are discussed in this chapter.



Airport Findings – In-State Airports

Boise Air Terminal/Gowen Field

Boise Air Terminal's actual market area is the largest among Idaho's commercial airports. According to this study's findings, the airport draws demand from 27 of Idaho's 44 counties, and the physical area of Boise Air Terminal's market covers nearly two-thirds of the State. As shown in **Figure 3-2**, however, just 15 counties are within a 120-minute drive of the airport; as noted, this represents the airport's theoretical market area. According to survey results and findings in Chapter 2, Boise Air Terminal draws several thousand originating passengers from as far away as Idaho Falls and Rexburg, cities more than four hours away. It is clear from these findings that Boise Air Terminal's many carrier choices, large number of non-stop destinations served, and low fares allow the airport to attract passenger originations from a wide area of the State. In fact, the airport competes for originating passengers in the market area of every in-state commercial service airport.

If Boise Air Terminal had been able to attract 100 percent of the demand in the 27 counties in its actual market area, it would have served just over 1,614,500 originating passengers in 2001 (1,693,400 counting out-of-state attraction). This level of originations would have been in excess of the 1,240,080 passengers the airport actually served in 2001. It is important to note that in the deregulated airline operating environment, it is unlikely for any airport, even Boise Air Terminal with its excellent level of commercial airline service, to capture 100 percent of the passenger demand in either its actual or theoretical service area. As noted in the previous chapter, the actual 27-county market area for Boise Air Terminal overlaps with the market areas for several of the State's other commercial service airports. Since passengers (both visitors and residents) that are associated with each of the Idaho counties typically have a choice between several in-state and/or out-of-state commercial service airports, 100 percent capture rates are very rare.

If passengers in the fifteen counties in Boise Air Terminal's theoretical market area (as determined by 120-minute drive times) had used only this airport for airline travel, it would have enplaned slightly fewer than 1,017,000 originating passengers (about 1,095,700 counting out-of-state attraction). This is about 82 percent of the actual level of originating passengers served in 2001. Boise Air Terminal is in somewhat of a unique position in that its current level of passenger attraction actually exceeds the level of unconstrained passenger demand within its 120-minute service area. As noted in the prior chapter, this is a result of the level of commercial airline service that is available at this airport. This airport attracts passengers from areas that are well beyond its 120-minute drive time market area. **Table 3-2** summarizes the market area statistics for Boise Air Terminal.

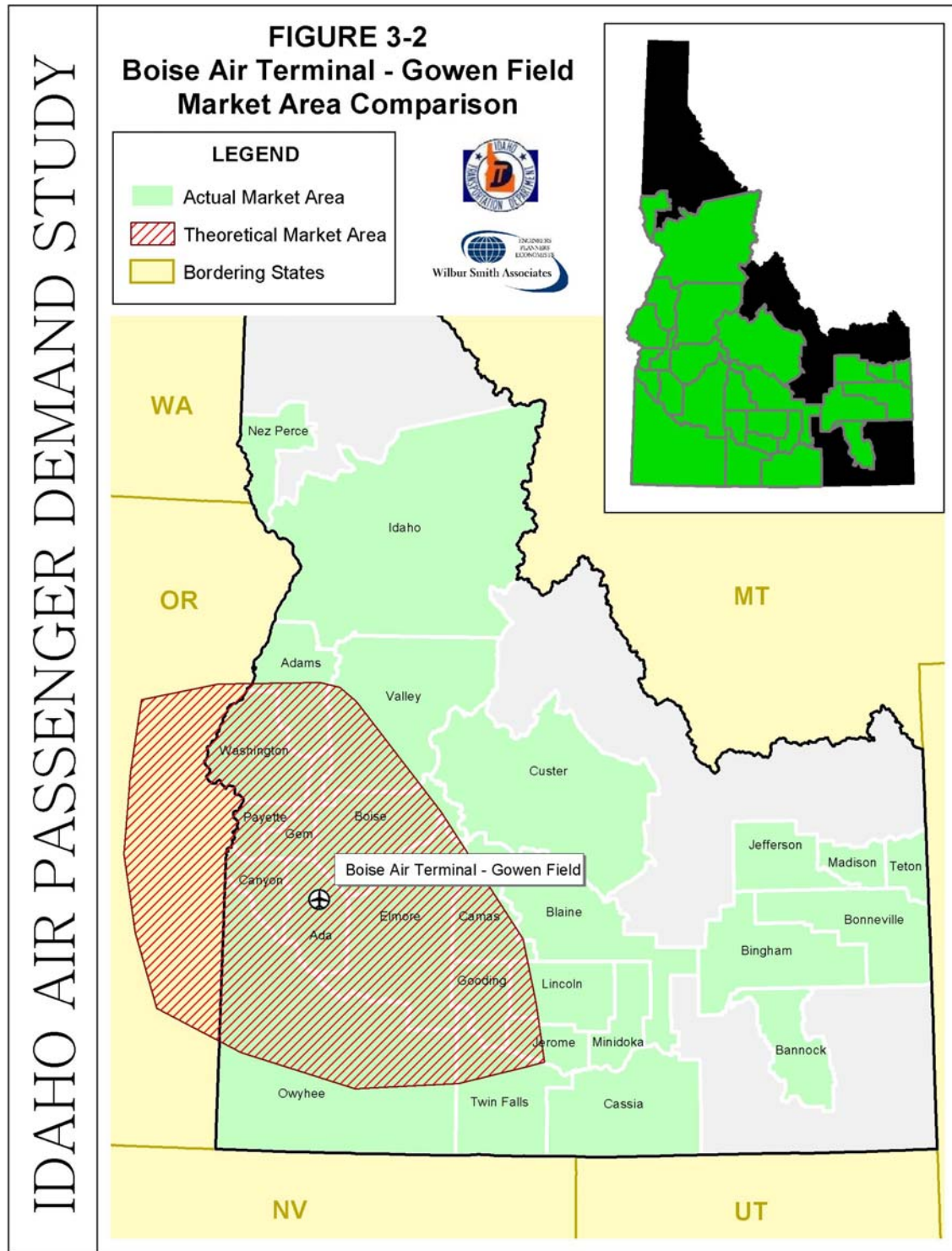
As noted, there are factors that prevent Boise Air Terminal from attracting all of the demand within its market area. First, the airport's 120-minute service area overlaps somewhat with the market area for the airports serving Twin Falls and Sun Valley. Some passengers who live closer to those airports are likely to use the local airport instead of driving to Boise. Further, as noted in the prior chapter, survey findings indicate that a small percentage of the passengers originating in the

airport's immediate market area choose Salt Lake City International for their departures. While Boise Air Terminal many continue to lose some unconstrained passenger demand from within its theoretical market area, this airport will also continue to attract passenger originations from its much larger actual market area.

The airport is currently able to attract passengers from well outside its theoretical market area (determined by 120-minute drive times), but at the same time it does not attract all of the demand within its actual market area (as determined in Chapter 2). Given the relative strength of its air service offerings, this airport seems poised to remain the dominant air service choice for the majority of Idaho's air travelers.

Table 3-2
Comparison of Market Areas
Boise Air Terminal

<u>Category</u>	<u>Passengers</u>	<u>% of Current</u>
Current Enplanements	1,240,080	
Passengers in Actual Market Area	1,614,500	130%
Passengers in Theoretical (120-Minute Drive Time) Market Area	1,016,797	82%
Source: US Dept. of Transportation, Wilbur Smith Associates		



Idaho Falls Regional Airport

The actual market area for Idaho Falls Regional encompasses 12 counties in the eastern part of the State. This area includes counties with population centers such as Idaho Falls, Pocatello, Rexburg, and Sun Valley. In comparison, the airport's theoretical market area (as determined by a 60-minute drive time) includes ten counties (whole or in part), and overlaps to a large extent with Pocatello's. The theoretical market areas for both of these airports show that they compete for originating passengers in Bannock, Bingham, and Bonneville counties. **Figure 3-3** compares the airport's theoretical and actual market areas.

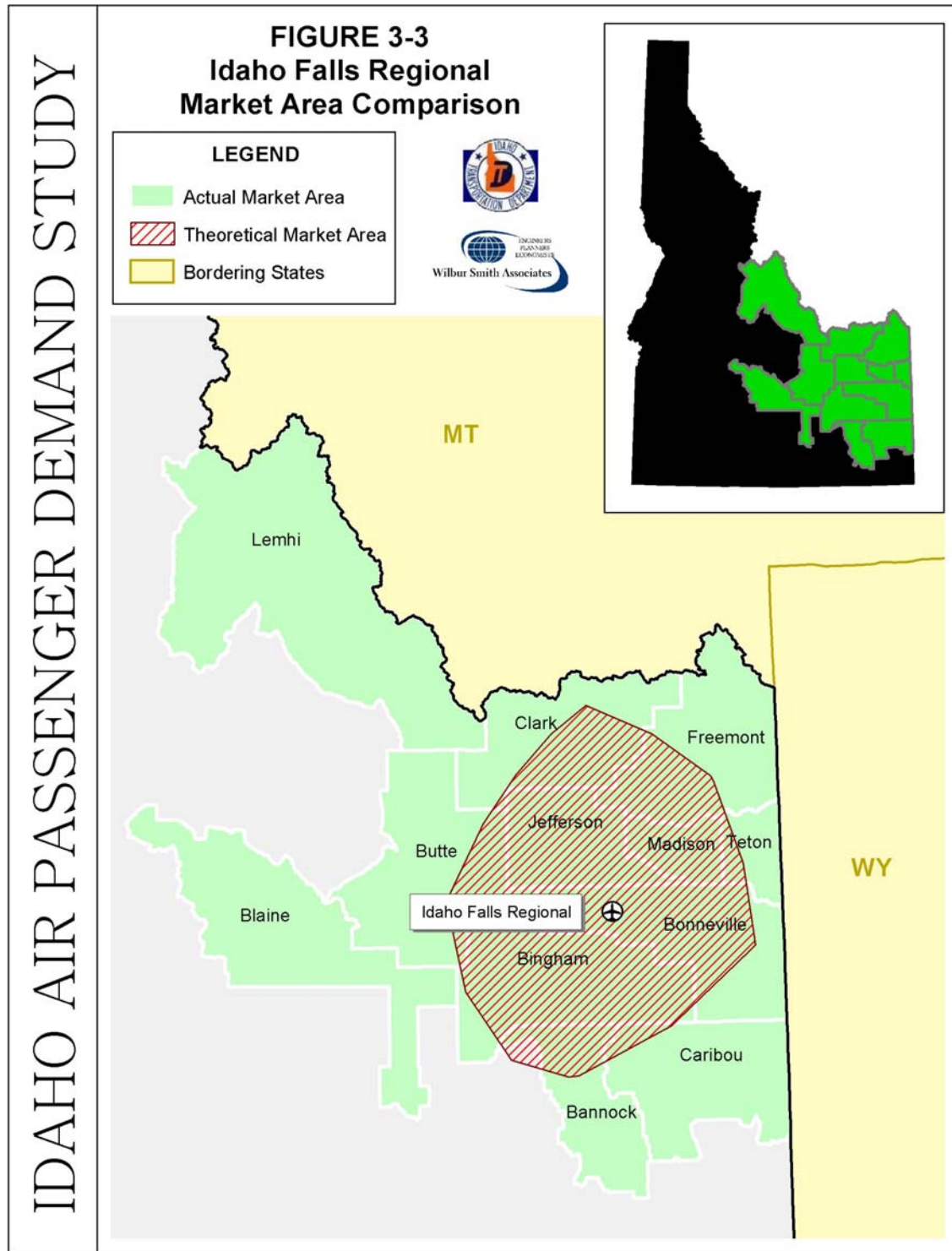
If Idaho Falls Regional had been able to capture 100 percent of the passenger originations in its 12-county actual market area in 2001, the airport would have served 426,700 originating passengers. This is about 361 percent of its actual level of originations (enplanements) in 2001 of 118,090.

If the airport had been able to capture all of the passenger originations in its ten-county theoretical market area, 188,250 passengers would have used the airport in 2001. This would have been about 159 percent of the airport's actual level of originating passengers. **Table 3-3** summarizes the market area statistics for Idaho Falls Regional Airport.

Table 3-3		
Comparison of Market Areas		
Idaho Falls Regional		
Category	Passengers	% of Current
Current Enplanements	118,090	
Passengers in Actual Market Area	426,700	361%
Passengers in Theoretical (60-Minute Drive Time) Market Area	188,250	159%
Source: US Dept. of Transportation, Wilbur Smith Associates		

Several factors account for Idaho Falls Regional Airport's relative inability to capture demand in its theoretical and actual market areas. First, many of the residents in the airport's market area are within a sixty-minute drive of the airports serving both Idaho Falls and Pocatello. Fares at Pocatello and Idaho Falls were similar in 2001. Second, as shown in the discussion of Boise's market above, some passengers from this part of Idaho drive up to four hours to larger, competing commercial service airports. The airports serving both Boise and Salt Lake City are within four hours' drive of much of Idaho Falls' market area.

As noted, there are at least one-and-a-half times as many passenger originations in Idaho Falls Regional's theoretical 60-minute market area as compared to its current level of enplaned passengers. This airport has the second-highest level of air service in the State; it is an attractive air service alternative for travelers in the eastern part of the State.



Lewiston/Nez Perce County Airport

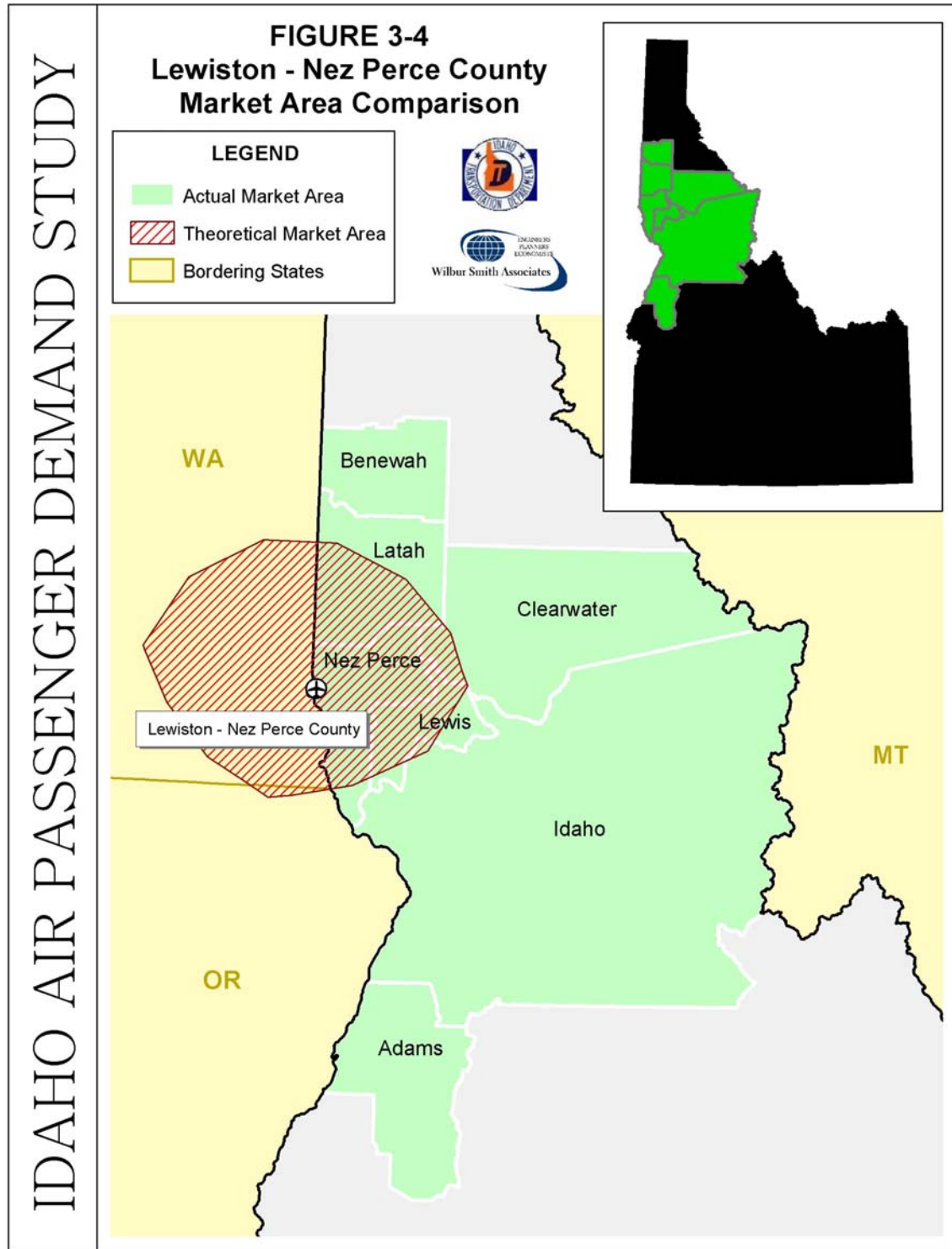
The actual market area for Lewiston/Nez Perce County Airport includes seven counties covering much of the central part of the Idaho panhandle. This area includes the population centers of Lewiston, Moscow, and Clarkston, WA, as well as many smaller towns in Idaho and Washington. The airport's theoretical market area (determined by a 60-minute drive-time) includes all or part of five counties, as well as part of Washington. Lewiston/Nez Perce County Airport's theoretical market area overlaps with Pullman-Moscow Regional's. This overlap occurs in much of Latah and Nez Perce counties, as well as in the Washington areas these airports serve. **Figure 3-4** compares the airport's market areas.

If Lewiston's airport had captured all of the demand within its seven-county actual market area, it would have attracted 124,400 originating passengers (about 127,500 including passengers from Washington). This is about twice the level of about 61,000 the airport actually enplaned in 2001.

If all of the commercial air service passengers in Lewiston/Nez Perce County's five-county theoretical market area had used the airport exclusively in 2001, about 73,800 passengers (76,900 including Washington passengers) would have boarded flights at the airport. This level is about 21 percent higher than its actual 2001 level of originations. **Table 3-4** presents a summary of the market statistics for Lewiston/Nez Perce County Airport. It is important to note that neither of these estimates includes additional demand that could be attracted from portions of Washington that are in this airport's market areas.

Table 3-4			
Comparison of Market Areas			
Lewiston/Nez Perce County Regional			
	<u>Category</u>	<u>Passengers</u>	<u>% of Current</u>
	Current Enplanements	61,024	
	Passengers in Actual Market Area	124,400	204%
	Passengers in Theoretical		
	(60-Minute Drive Time) Market Area	73,823	121%
Source: US Dept. of Transportation, Wilbur Smith Associates			

Several factors contribute to Lewiston/Nez Perce County's capture rate of its actual and theoretical market areas. First, the airport competes with Pullman-Moscow Regional for many of the same passengers. The two airports are about 30 miles apart, have similar levels of airline service (Lewiston has both Boise and Seattle service, Pullman has Seattle service only), and both have average one-way fares within about \$10 of each other. The proximity of these two airports affords air service passengers a choice that is differentiated in many instances only by which airport is closest. Secondly, this area is within a two-hour drive of Spokane International, which has many carriers, choices of destinations, and lower average fares. With the proximity of Pullman-Moscow Regional and competing service at Spokane International, it may be difficult for the airport to increase its market share because of overlapping market areas.



Pocatello Regional Airport

The actual market area for Pocatello Regional includes thirteen counties covering much of southeastern Idaho. This area contains the population centers of Idaho Falls, Pocatello, and Sun Valley. The airport's theoretical market area (determined by a 60-minute drive-time) is comprised of part or all of nine counties including much of the Idaho Falls metropolitan area and all of Pocatello. Pocatello Regional's theoretical market area overlaps with Idaho Falls' theoretical market in Bannock, Bingham, and Bonneville counties. There is also a small amount of overlap between the theoretical market areas of the airports serving Pocatello and Twin Falls. A small part of Cassia and Minidoka counties is shared between these two airports. **Figure 3-5** compares this airport's theoretical and actual market areas.

If Pocatello Regional had captured all of the originating passengers in its market area in 2001, it would have served about 424,800 passengers. This is about 940 percent of its actual level of originating (enplaning) passengers of about 45,200.

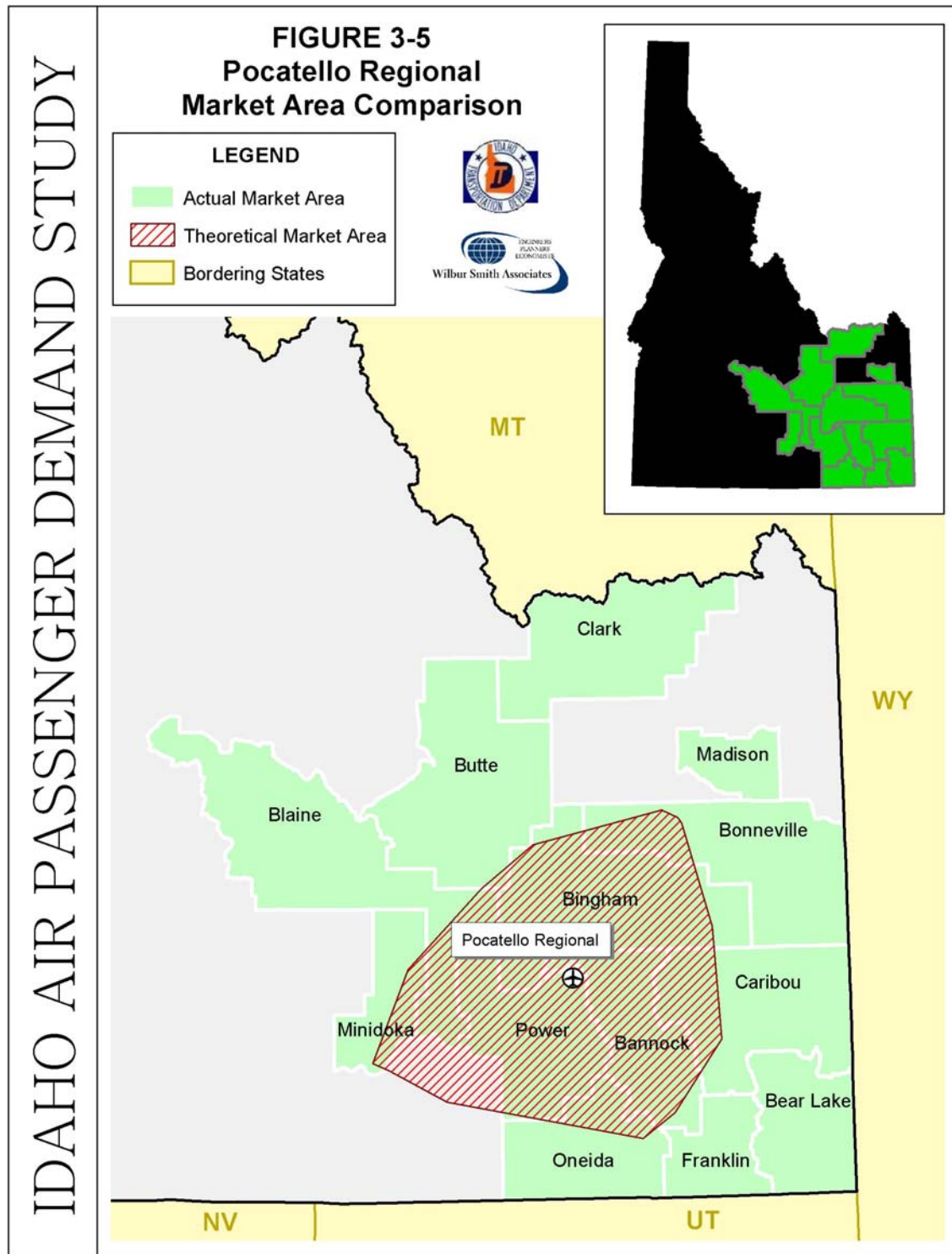
Similarly, if this airport had attracted all of the demand in its theoretical (60-minute) market area, it would have seen 115,800 passengers board flights in 2001. This represents about 256 percent of the airport's actual enplanement level. Market area statistics for Pocatello Regional are presented in **Table 3-5**.

Table 3-5			
Comparison of Market Areas			
Pocatello Regional			
	<u>Category</u>	<u>Passengers</u>	<u>% of Current</u>
	Current Enplanements	45,152	
	Passengers in Actual Market Area	424,800	941%
	Passengers in Theoretical (60-Minute Drive Time) Market Area	115,754	256%
Source: US Dept. of Transportation, Wilbur Smith Associates			

The reasons for Pocatello Regional's capture rate are similar to those at other Idaho airports. Pocatello's actual and theoretical market areas overlap significantly with Idaho Falls', giving travelers in these areas similar choices for air service. The actual market area for Pocatello overlaps with four other airport market areas (Boise, Idaho Falls, Sun Valley, and Twin Falls), and Boise Air Terminal offers more air service choices. In Chapter 1, travel agents estimated that the average Pocatello air traveler would drive about 175 miles to save \$100 per ticket. Salt Lake City International lies about 175 miles south of Pocatello and offers round-trip savings of about \$60 per ticket, on average. Boise Air Terminal is about 225 miles west of Pocatello and has average round-trip fare savings of about \$83 over Pocatello Regional.

Travelers in Pocatello Regional's market area have alternatives about three hours away in Salt Lake City and about three-and-a-half hours away in Boise. Both of these larger competing airports are served by a large number of carriers and each has lower average fares. Market area overlap exists

with the airport serving Idaho Falls. These factors influence the airport's ability to attract a larger proportion of the demand in its actual and theoretical market areas.



Pullman-Moscow Regional Airport

Pullman-Moscow Regional's actual market area is comprised of six Idaho counties, and includes the population centers of Lewiston and Moscow in Idaho and Pullman and Clarkston in Washington. The airport's market area includes the University of Idaho and Washington State University; the airport is located between the two schools. The theoretical market area (60-minute drive-time) of the airport includes parts of three counties in Idaho and a significant portion of southeast Washington. This theoretical market area overlaps with Lewiston/Nez Perce County's in Latah and Nez Perce counties, as well as in the areas in Washington that they both serve. **Figure 3-6** shows the theoretical and actual market areas for Pullman-Moscow Regional Airport.

It is important to note that theoretical and actual market area demand for this airport cannot be stated and compared on the same basis as other study airports. This is because estimates of originating passenger demand were not prepared for counties in Washington. As a result, the demand levels for this airport were calibrated using socioeconomic and demographic data for both the city of Pullman and Latah County in Idaho (that is, Latah County's population was increased artificially to account for residents in and around Pullman).

If Pullman-Moscow Regional had attracted all of the originating commercial air service passengers in its market area in 2001, approximately 120,600 passengers would have boarded flights at the airport that year. This represents about 428 percent of the airport's actual enplanements in 2001 of about 28,100.

The three counties in Pullman-Moscow Regional's theoretical area could have contributed about 51,900 passengers to the airport had it been able to attract 100 percent of all demand in those counties in 2001. This level is about 185 percent of the airport's actual enplanement level. These statistics regarding Pullman-Moscow Regional's market areas are presented in **Table 3-6**. As with the market area for Lewiston's airport, both demand potentials may be somewhat understated because they do not include additional demand that could come from Washington.

Table 3-6
Comparison of Market Areas
Pullman-Moscow Regional

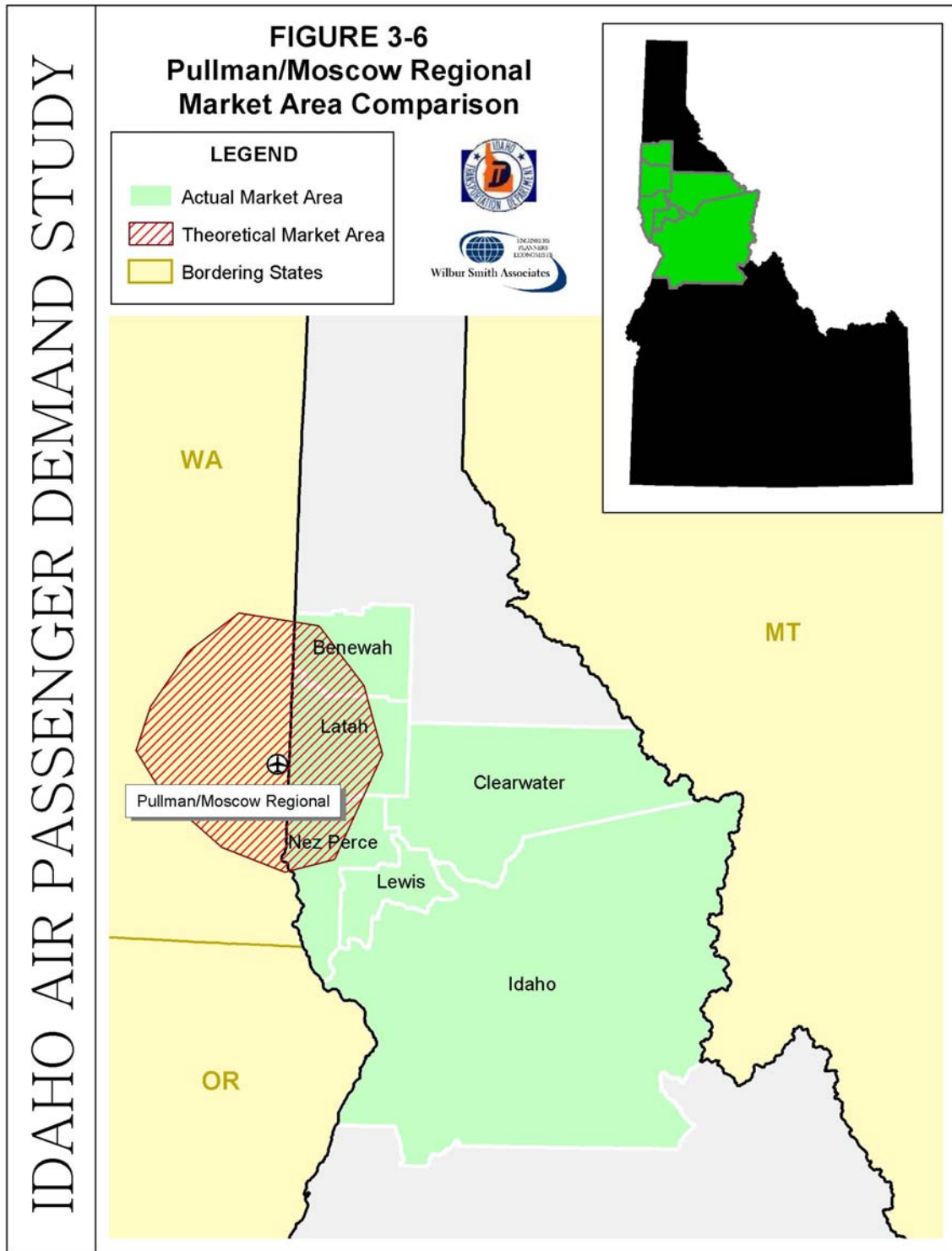
Category	Passengers	% of Current
Current Enplanements	28,128	
Passengers in Actual Market Area	120,600	429%
Passengers in Theoretical (60-Minute Drive Time) Market Area	51,947	185%

Source: US Dept. of Transportation, Wilbur Smith Associates

Pullman-Moscow Regional's ability to attract passengers is similar to Lewiston/Nez Perce County's. With an airport of similar service levels and similar average fares thirty miles away in Lewiston and a much larger airport an hour-and-a-half away at Spokane International, the airport does not

attract 100 percent of the demand in its actual or theoretical market areas. Pullman-Moscow Regional had the advantage of having the lowest average one-way fares of any of Idaho's airports (excluding Boise) in 2001. Spokane's average fares, however, were even less expensive than those available at Pullman-Moscow Regional.

Pullman-Moscow Regional Airport's market potential also seems similar to Lewiston/Nez Perce County's. With only one carrier and one destination, service at Pullman-Moscow is at a disadvantage over its two competitors. Lower fares and proximity to the area's two major universities allowed the airport to attract the number of passengers it did in 2001. Without improvements to its air service, Pullman's market share in Northern Idaho/Eastern Washington has limited growth potential. This is confirmed by the fact that Pullman's growth in enplanements was the lowest of all the airports in this study, at -1.73 percent annually between 1992 and 2002.



Friedman Memorial Airport (Sun Valley)

The actual market area for Friedman Memorial is comprised of seven counties and includes the resort towns of Hailey, Ketchum, and Sun Valley. Additionally, the airport's home county is the gateway for the Sawtooth National Recreational Area as well as other wilderness areas. The airport's theoretical market area (60-minute drive-time) includes parts of five counties. This airport's 60-minute drive-time market area overlaps both Boise's and Twin Falls' theoretical market areas. The airport shares areas in Camas, Gooding, and Lincoln counties with the 120-minute market area for Boise Air Terminal, and parts of Gooding and Lincoln counties with the 60-minute for market area of Joslin Field (Twin Falls). A map comparing the airport's theoretical and actual market areas is shown in **Figure 3-7**.

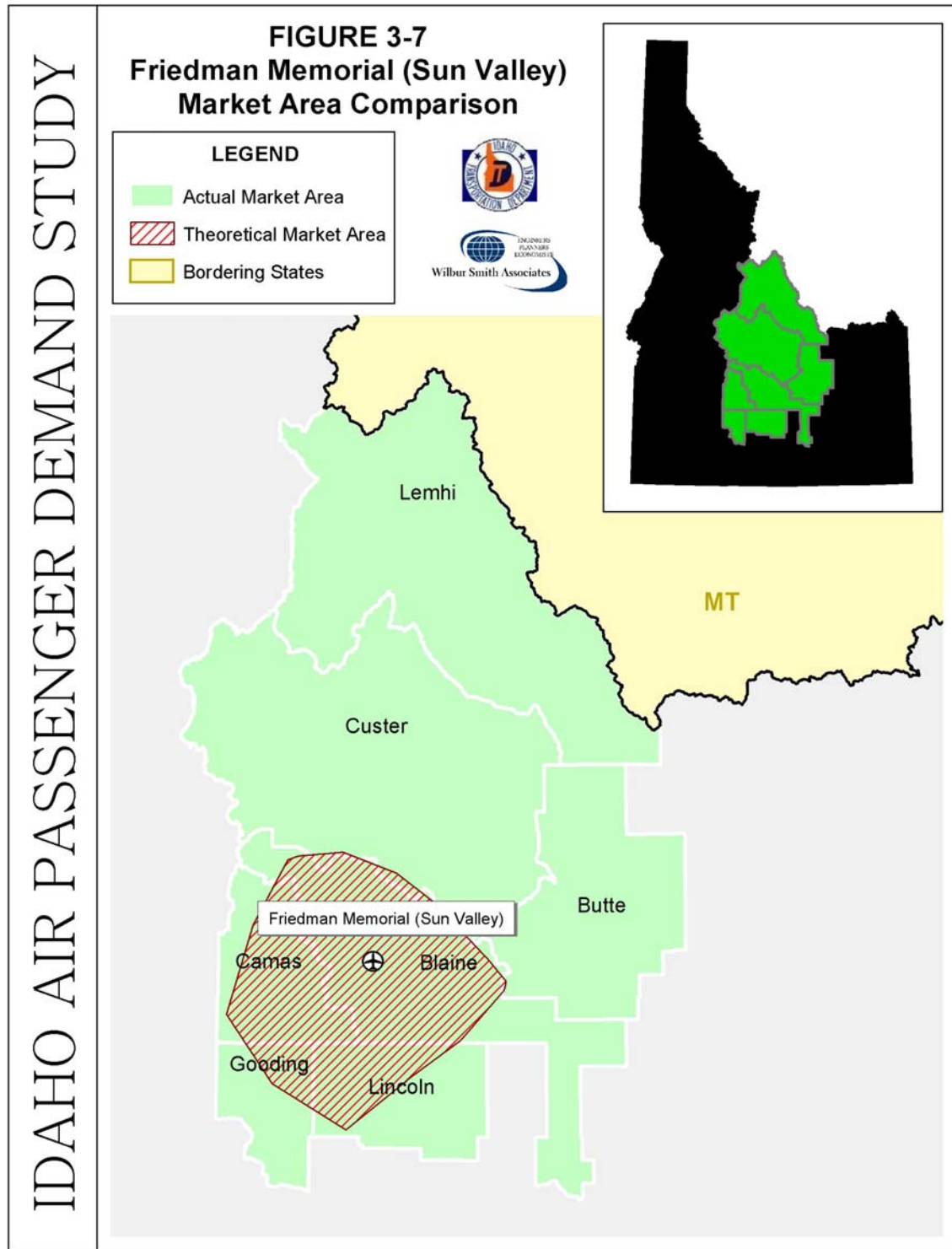
If the airport had attracted all the demand in its seven-county actual market area, it would have served about 154,200 originating passengers in 2001. This is about 260 percent of the level of passengers the airport actually served that year. Friedman Memorial served about 59,100 originating (enplaning) passengers in 2001.

If 100 percent of the demand in Friedman Memorial's theoretical market (60-minute drive-time) area had used the airport exclusively, the airport would have served about 111,000 passengers in 2001. This represents about 188 percent of its actual demand level. A summary of market area statistics for Friedman Memorial is presented in **Table 3-7**.

Table 3-7			
Comparison of Market Areas			
Friedman Memorial (Sun Valley)			
	<u>Category</u>	<u>Passengers</u>	<u>% of Current</u>
	Current Enplanements	59,073	
	Passengers in Actual Market Area	154,200	261%
	Passengers in Theoretical		
	(60-Minute Drive Time) Market Area	111,080	188%
Source: US Dept. of Transportation, Wilbur Smith Associates			

As described above, much of Friedman Memorial's market area overlaps with those of the airports serving Boise and Twin Falls. Another factor contributing to Friedman Memorial's capture rates is that the airport's fares are the highest in the State. Average one-way fares at Friedman Memorial in 2001 were about \$13 more expensive than the State average, but this figure was down from a \$28 difference in 2000. Price differences such as these generally force some travelers to seek lower fare alternatives at other airports both in and beyond the State, and it can be expected that the same occurs for some passengers at Friedman Memorial. The nature of ground travel in Friedman Memorial's market area restricts capture rates of passenger demand in surrounding counties. While the sixty-minute drive time includes parts of five counties, this includes only small portions of Custer and Butte counties, and does not include even some parts of Blaine County, the airport's home county.

As shown above, there are a notable number of passengers in the airport's theoretical (60-minute drive-time) market area that use other airports to begin a commercial flight. The airport recently secured service on Horizon Airlines direct to Los Angeles International and to Boise Air Terminal. The Los Angeles service came as a result of a Small Community Air Service grant received in 2002. If the airport continues to see service improvements and carrier competition reduces fares, it could see its passenger capture rate increase.



Joslin Field/Magic Valley Regional Airport (Twin Falls)

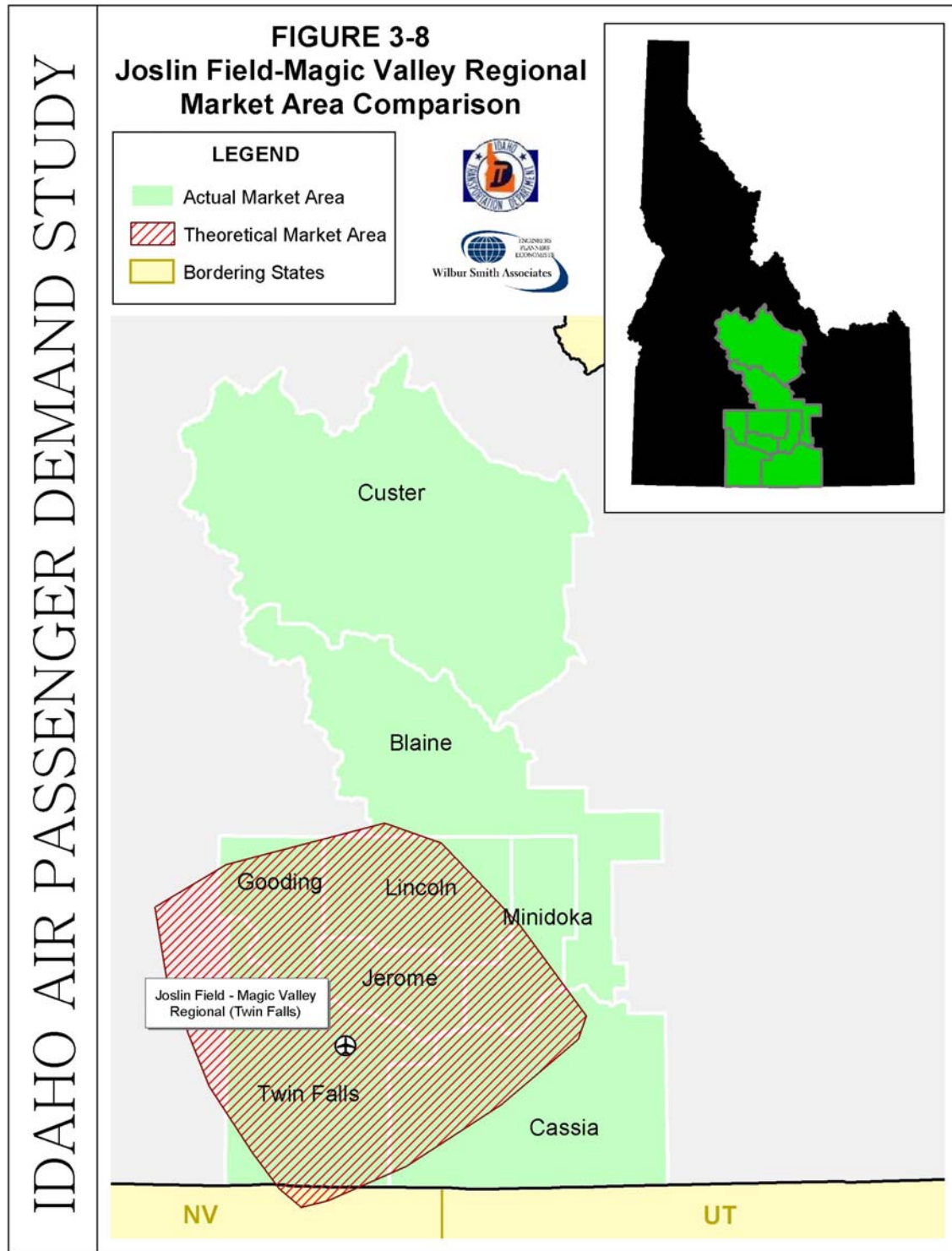
The actual market area for Joslin Field includes eight counties in central and southern Idaho, and includes population centers such as Burley, Jerome, Sun Valley, and Twin Falls. The airport's theoretical market area (60-minute drive-time) includes parts of seven counties. This theoretical market area overlaps with the market areas of the airports serving Boise Air Terminal and Friedman Memorial (Sun Valley). The airport shares its theoretical market area with Boise Air Terminal in parts of Elmore, Gooding, Jerome, Owyhee, and Twin Falls Counties, and with Sun Valley's airport in Gooding and Lincoln counties. **Figure 3-8** depicts the airport's actual and theoretical market area.

If the airport had attracted 100 percent of the demand within its actual market area in 2001, about 271,500 air travelers would have used the airport. This is about 827 percent of the airport's actual level of enplanements in 2001 of about 32,800.

If all of the passenger originations in Twin Falls' theoretical (60-minute) market area had used the airport exclusively in 2001, Joslin Field would have had an enplanement level of about 135,000 originations. This represents about 412 percent of the airport's actual enplanements in 2001. Notable among the findings from Twin Falls' theoretical market area analysis is that part of Elmore and Gooding counties are within sixty minute's drive time of the airport, yet the airport did not attract any demand from these counties in 2001, according to the estimates in this study. The primary explanation for this is that these counties are well within Boise Air Terminal's 120-minute drive-time service area. A summary of Joslin Field's market statistics is shown in **Table 3-8**.

Table 3-8			
Comparison of Market Areas			
Joslin Field/Magic Valley Regional			
	Category	Passengers	% of Current
	Current Enplanements	32,833	
	Passengers in Actual Market Area	271,500	827%
	Passengers in Theoretical (60-Minute Drive Time) Market Area	134,999	411%
Source: US Dept. of Transportation, Wilbur Smith Associates			

Joslin Field/Magic Valley Regional Airport's ability to attract demand in its market area is impacted by the airport's proximity to Boise. The airport itself is just about two hours from Boise, and much of the theoretical market area for both airports overlap. The majority of Joslin Field's actual market area coincides with Boise Air Terminal's as well. As discussed previously, Boise Air Terminal is the dominant airport in the State in terms of air service levels. Joslin Field has just one carrier serving one non-stop destination, giving Magic Valley travelers few choices locally. Without improvements to its scheduled commercial air service, prospects for improved passenger demand levels at Joslin Field may be limited. The airport is currently working on securing service to Boise.



Overall State Findings

Actual Market Area Findings

Most of Idaho's major population and tourism centers appear to be conveniently served by one or more of Idaho's commercial service airports. The entire Interstate 84/86/15 corridor through the southern part of the State is within the actual market area of at least one commercial service airport. Only the Coeur d'Alene area (Bonner, Boundary, Kootenai, and Shoshone counties) is not within the reported actual market area of an Idaho commercial service airport. Demand from these counties, according to study findings, is served by Spokane International.

Most of the airports in this study have overlapping actual market areas. In particular, areas along the Interstate 84/86/15 corridor experience a significant amount of overlap in terms of each airport's actual market area. As discussed in this chapter, Boise Air Terminal's actual market area encompasses much of the southern portion of the State. Further, each of the other four airports in this part of Idaho have actual market areas that exceed an hour's drive time. These factors result in originating passengers from most counties to be shared among airports.

Notable among the findings in this chapter is the fact that no airport in the study area was able to attract all of the passenger originations within its actual market area. This is not surprising for several reasons. First, many of the airports' market areas overlap one another to various degrees. Some travelers in Idaho have the choice of as many as three in-state airports within a reasonable drive time. Under these circumstances, travelers frequent a variety of airports. As noted in the discussion in this and in the previous chapter, Idaho's passenger originations have alternative airports to select from, both within and beyond the State. The end result of this variety of airport choices is that passenger originations by county (measured in the prior chapter) are almost always divided among several airports as opposed to being captured by a single airport. Chapter 2 of this report provides specific data on total passenger originations in each county and information on how these originations are distributed by departure airport.

The actual market area of three out-of-state airports (Missoula, Salt Lake City, and Spokane) includes parts of Idaho. Missoula's actual market area in Idaho includes four counties, Salt Lake City's actual market area includes 27 Idaho counties, and Spokane's Idaho market is comprised of eleven counties. These areas, including the number of originations attracted by these airports and the resulting capture rates, are shown in **Figure 3-9**. With the exception of Boise Air Terminal, most of Idaho's other commercial service airports report notable levels of demand from their actual market areas that is attracted by airports in neighboring states. Airports in south and eastern Idaho (facilities serving Idaho Falls, Pocatello, Twin Falls, and Sun Valley) experience passenger diversion to Boise Air Terminal, but information from surveys conducted for this study also indicate that a number of passenger originations from this part of the State are also attracted by Salt Lake City International Airport. Idaho's airports in the panhandle face stiff competition from Spokane International. While the majority of Idaho's out-of-State passenger originations are attracted to either Spokane or to Salt Lake City, Missoula International, according to study findings, also

attracts some passenger originations from Idaho. Of Idaho's estimated number of total commercial passenger originations, (1,937,180 in 2001), an estimated 22.6 percent now begin their commercial airline trip from an airport in a neighboring state.

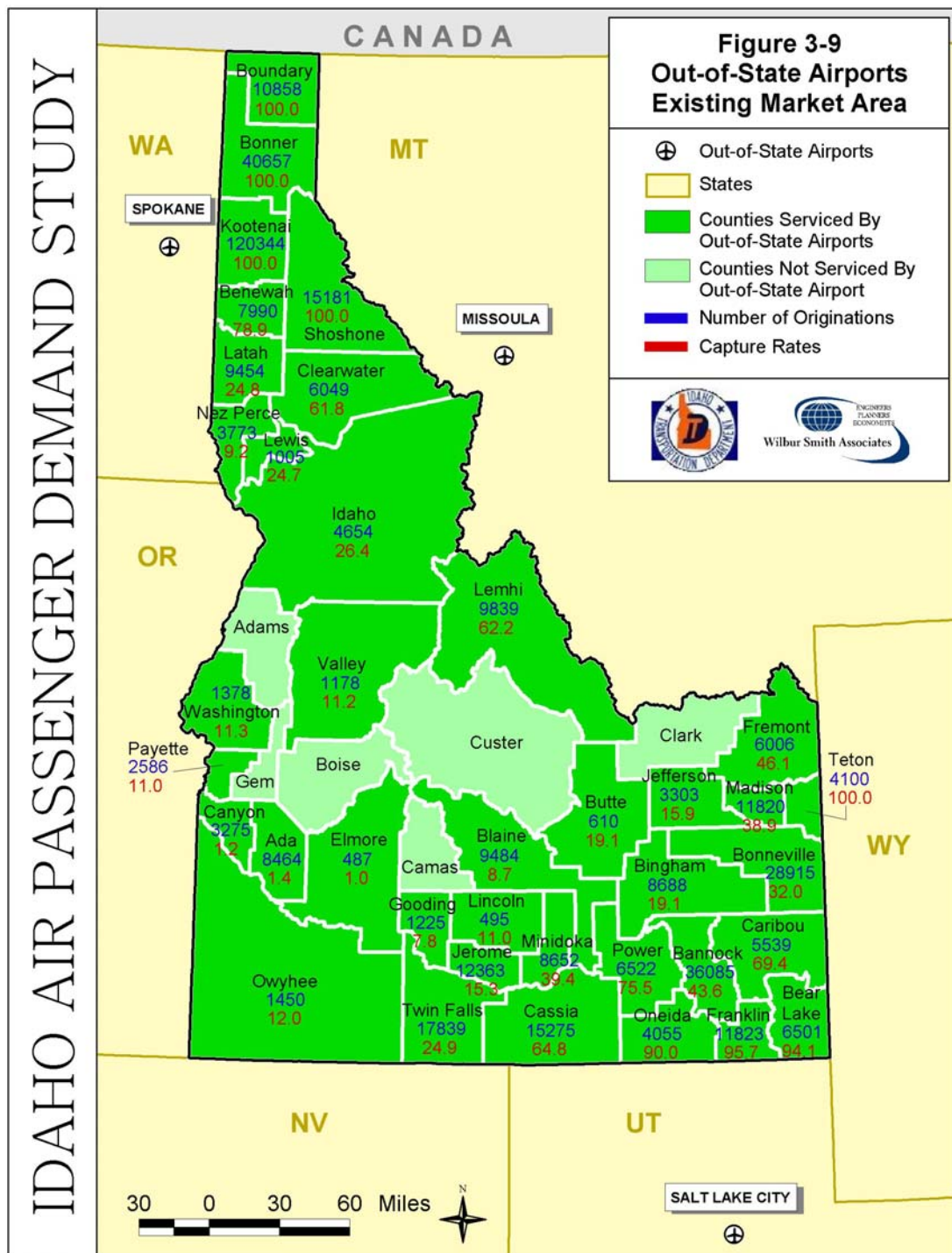
Theoretical Market Areas and Under-Served Counties

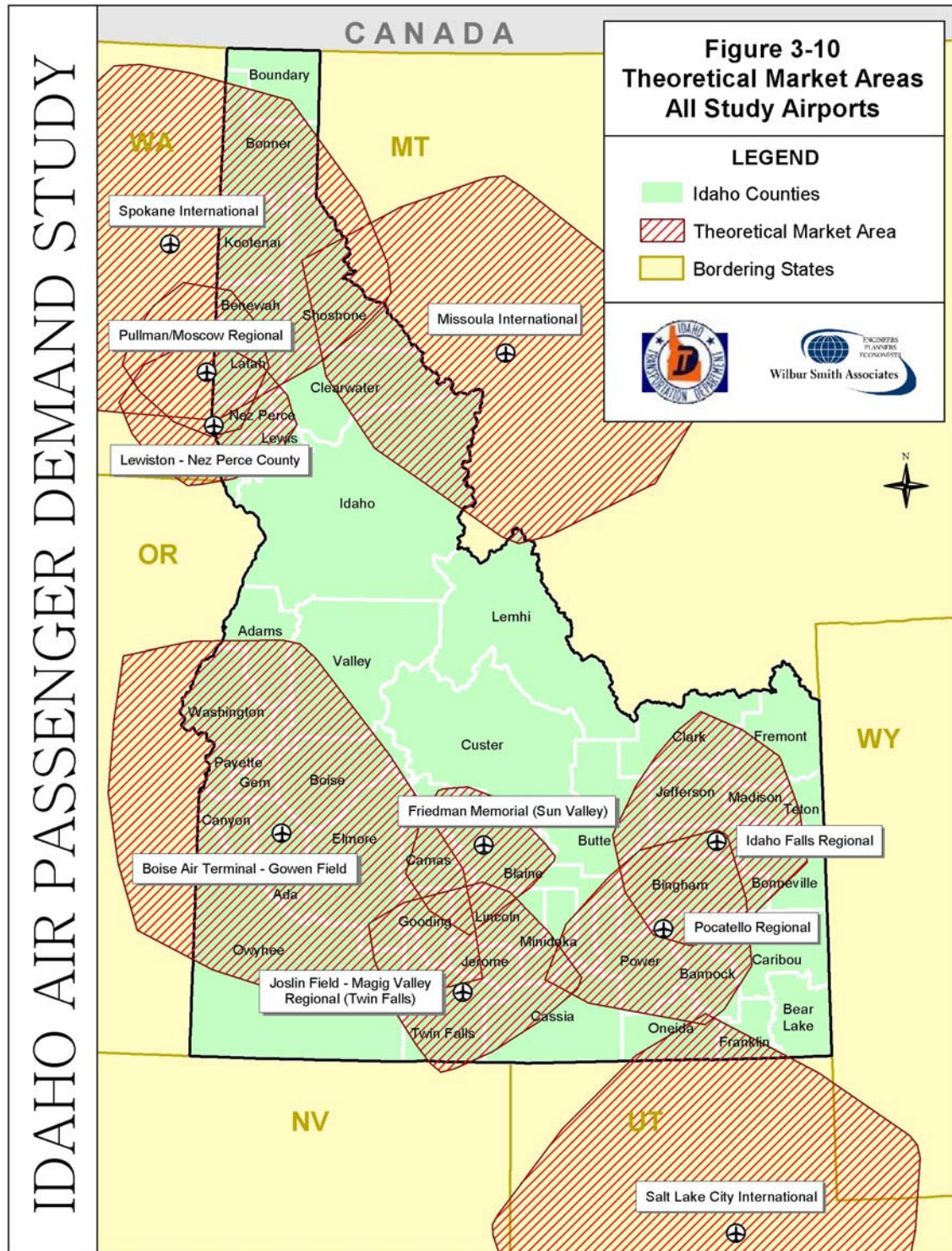
Several areas in the State lay outside the theoretical market area (60- or 120-minute drive-time) of one of Idaho's commercial service airports. These areas are in the northern part of the panhandle, areas along the Idaho-Montana border, the Frank Church Wilderness, and the southeast part of the State near the Utah and Wyoming borders. There are several counties in the State which lie only partly in the theoretical (drive-time) market area of one of Idaho's commercial service airports.

For this reason, estimating the number of originating passengers that are not within the theoretical market area of one of Idaho's commercial service airports is somewhat difficult. However, working under some simple assumptions, this estimate can be accomplished. Nine counties (Bear Lake, Bonner, Boundary, Custer, Franklin, Kootenai, Idaho, Lemhi, and Shoshone) all lay outside the theoretical market area of any of Idaho's commercial service airports.

Over 244,500 originating passengers come from counties completely outside of the theoretical market area of any of Idaho's airports. This represents about 12.6 percent of all Idaho-generated originations. As discussed in Chapter 2, most of these originating passengers find commercial service alternatives at competing airports in neighboring states. These larger, out-of-state airports impact primarily Idaho's smaller airports. Spokane International Airport captures much of the demand that might otherwise be served at Lewiston's or Pullman's airports, while some passengers in Idaho Falls Regional's and Pocatello Regional's actual market areas travel to Salt Lake City International to begin a flight. Additionally, a small percentage of Idaho's air travelers use commercial airline service at Missoula International. **Figure 3-10** shows the theoretical (drive-time) market areas of all of Idaho's commercial service airports, as well as the three out-of-state airports included in this study.

Relatively few originating passengers in Idaho find themselves more than two hours from any commercial service airport. Bear Lake, Custer, Franklin, Idaho, and Lemhi counties are the five counties in Idaho that lie entirely outside of any in- or out-of-state airport's theoretical (60- or 120-minute drive-time) market area. The total number of Idaho-generated originating passengers from these counties is about 57,500, or about three percent of Idaho's total statewide originating passengers.





Potential and Past Commercial Service Airports

Several communities in the State have either had commercial airline service at their airport or would like to attract such service in the near future. These cities include Coeur d'Alene, McCall, Salmon, and Sandpoint. A discussion of these areas, including the theoretical (drive-time) market areas for each airport, a discussion of the competition each market faces, and the impact new airline service at these airports would have on existing service at other airports in the State, is included below.

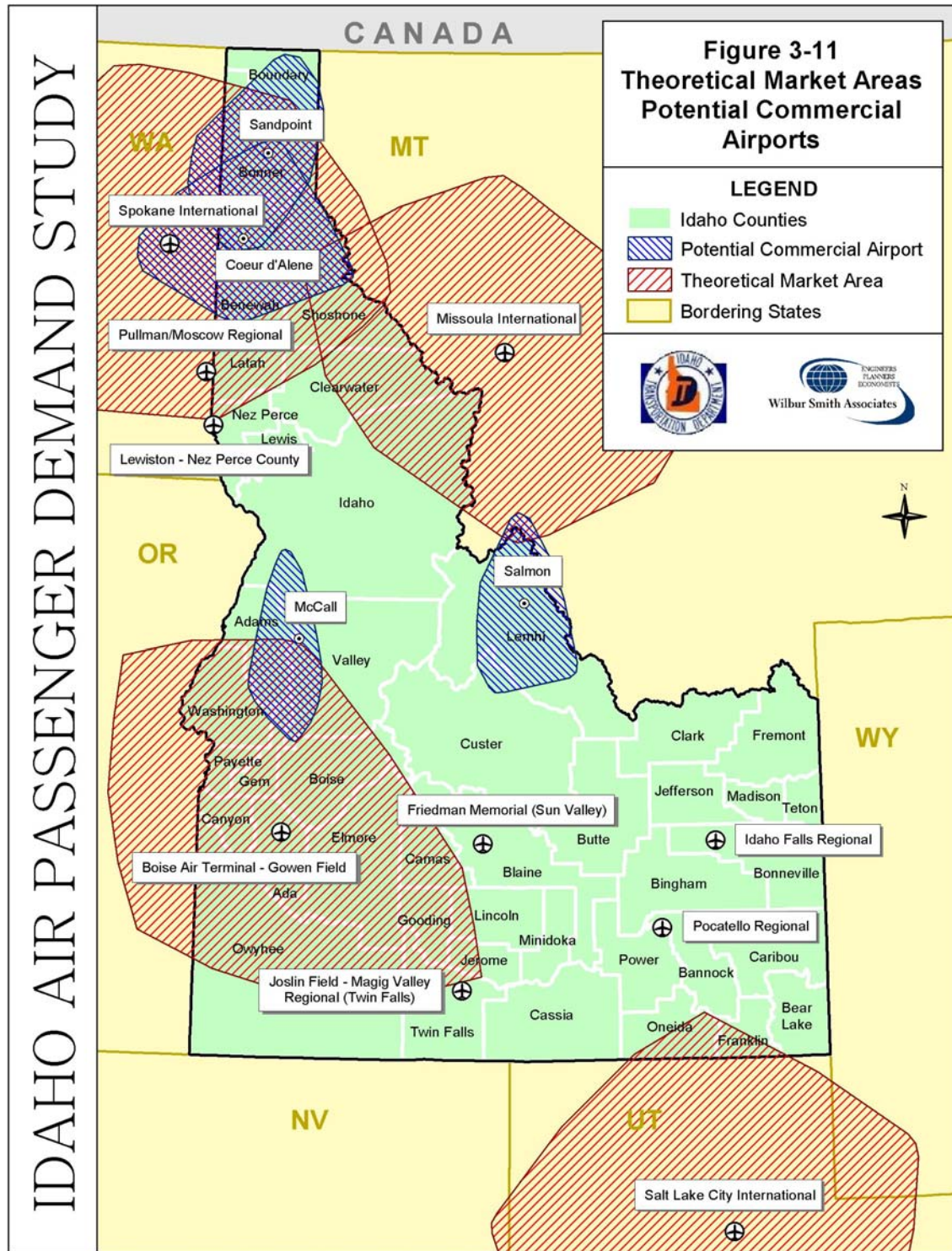
Coeur d'Alene. The Coeur d'Alene area in Northern Idaho is a notable market in terms of demand for commercial air service. The theoretical (60-minute drive-time) market area for this airport encompasses four counties, Benewah, Bonner, Kootenai, and Shoshone. The theoretical market area for Coeur d'Alene is shown in **Figure 3-11**. These four counties together have an estimated total demand for air service of about 186,300 originations (enplanements). Currently, Spokane attracts almost 215,000 enplanements from areas in Idaho, and much of this demand comes from these same four counties. As has been discussed earlier in this study, Spokane International Airport offers extensive commercial airline service; this airport is served by a large number of airlines who provide frequent non-stop service to many destinations. In addition, Southwest Airlines, the nation's premier low-fare carrier, has a significant presence at the Spokane facility. Analysis completed as part of this study shows that all originating commercial airline travelers now associated with the Coeur d'Alene market area are currently using Spokane International for their commercial airline travel. In order for an airline serving the Coeur d'Alene market in Idaho to be successful, it would have to attract passengers away from Spokane International and from Southwest Airlines. A reduction in demand at Spokane International, should service at Coeur d'Alene be initiated, would not jeopardize Spokane's commercial airline service. As shown in this section of the study, passengers in the Coeur d'Alene market area are well within the 120-minute drive-time market area for Spokane International. The proximity of the Coeur d'Alene market to Spokane International limits the likelihood of start-up airline service being successful. While demand in this market area should be sufficient to support commercial airline service, competition from established airports limits (and may all but preclude) the ability of an airline to sustain financially successful service from the Coeur d'Alene market.

McCall. The town of McCall lies about halfway between Boise and Lewiston. The level of originating passengers from this area is relatively small. The counties within McCall's theoretical market area (60-minute drive-time), Adams, Idaho, and Valley, combine for about 31,500 originations annually. McCall's theoretical market area is shown in **Figure 3-11**. As noted, the 31,500 originating passenger associated with the McCall market area are now served by the commercial airports serving either Boise or Lewiston. In fact, as reflected in Figure 3-11, the 120-minute theoretical market area for Boise Air Terminal encompasses much of McCall's theoretical market area. Should commercial airline service be initiated at McCall, the reduction in enplanements at Boise Air Terminal would not reflect a significant reduction. The same is not true, however, for the airport serving Lewiston. It is estimated that approximately 13 percent of Lewiston's current originating passengers are drawn from the McCall market area described in this section. Should commercial airline service be initiated at McCall the reduction in passenger demand at Lewiston could put at

risk that airport's current level of scheduled airline service. As with the Coeur d'Alene market, the feasibility of a carrier being able to successfully compete in the McCall market, given the proximity of nearby service at Boise, is very limited. Over 87 percent of the passengers from the McCall market area now drive to Boise to begin their airline trips. As noted, Boise Air Terminal offers a high level of airline service and very competitive fares. Lower demand levels in the McCall market area and the proximity of several existing competing commercial service airports limit the attractiveness of this market from a potential carrier's vantage point. Boise's enplanements would drop by a fraction of a percent, but lost enplanements at Lewiston would account for almost 13 percent of that airport's annual demand. The town of McCall is within Boise Air Terminal's theoretical market area, and the magnitude of Boise's air service offerings would make it nearly impossible for an air carrier at McCall to attract a significant portion of the demand in this market.

Salmon. Commercial air service at Salmon could serve one of the State's more under-served areas. As noted previously, areas along the border between Montana and Idaho are those that make up most of the under-served areas in the State. The theoretical market area (60-minute drive-time) for the airport in Salmon would include much of Lemhi County and a small part of Custer County (see **Figure 3-11**). These areas account for a very small number of enplanements, around 16,000 originations. As noted in the airport-specific discussions earlier in this chapter, many residents in areas near Salmon currently drive at least two hours to either Idaho Falls, Missoula, or Sun Valley for commercial service. If originations were served by new airline service at Salmon, Idaho Falls Regional's annual enplanement level would decrease by about three percent. Similarly, Friedman Memorial's enplanement level would decrease by about six-and-a-half percent as a result of any airline service at Salmon. These estimates of potential enplanement reductions at other Idaho airports would not be great enough to put current service at risk. Current originating passengers for this market area are now served by three existing airports, two in Idaho and one in Montana. In addition, the Salmon market area has a relatively low level of annual originating passengers, about 16,000. Even though this area is not necessarily conveniently served by an existing commercial service airport, high levels of existing competition and low levels of passenger demand indicate that chances for financially self-supporting commercial airline service in this market area are very limited.

Sandpoint. The counties in Sandpoint's theoretical (60-minute drive-time) market areas are Bonner, Boundary, and Kootenai counties, which together account for almost 172,000 annual enplanements (originations). These are also many of the same counties that are included in the Coeur d'Alene market area. As was the case in the discussion of potential service at Coeur d'Alene, the service offerings and proximity of Spokane International would inhibit Sandpoint from attracting a high percentage of its passenger demand. While demand in northern Idaho is notable, proximity to and competition with Spokane International would be a major obstacle to attracting commercial service to an additional airport in this part of the State. Boundary County is the only county in northern Idaho that is beyond the service area for Spokane International, and demand that is available in this county to support new commercial airline service is limited. Any new commercial airline service to either of the potential service points in northern Idaho would face stiff, if not overwhelming, competition from existing service at Spokane.



Chapter Conclusions

According to the analysis presented in this chapter, Idaho's commercial service airports meet the majority of the State's air service needs. Idaho's airports are within a reasonable distance of about 87 percent of the State's population. When the three out-of-state airports are considered, all but about three percent of the State's originating passengers have access to air service within a reasonable driving distance.

Although some of the airports in this study have overlapping service areas with larger airports (particularly Lewiston/Nez Perce County and Pullman-Moscow Regional with Spokane International, and Joslin Field/Magic Valley Regional with Boise Air Terminal), the analysis in this chapter indicates that these airports still have a niche market in these areas and do not currently seem to be in danger of losing air service. The smallest airports in this study (those serving Pullman-Moscow and Twin Falls, as measured by current enplanements) each serve around 30,000 originating passengers each year; this data indicates that these airports still serve a definite need for air service in the State.

This chapter provided Idaho's commercial service airports with information on the following:

- The size of each of Idaho's commercial service airport markets, in terms of the number of originations each airport attracts from the counties in its actual market area. This data also allows for an estimation of the unconstrained level of demand that is present in each county.
- The size of each of Idaho's theoretical airport markets, as determined by either a 60- or 120-minute drive time. This area is defined by the Federal Aviation Administration as a typical market area for a commercial service airport.
- The potential for growth in demand for air service at each airport.
- The amount of overlap of these market areas. This information allows each airport to pinpoint the counties where competition from other airports exists.
- Information for other Idaho airports that have had commercial service in the past or wish to attract it in the future. This information will allow these airports and the State to determine the feasibility of new commercial service at these airports.

The information in this chapter helps each airport to identify its actual and theoretical market areas. Data presented in this chapter helps each airport to better understand both its in-state and out-of-state competitors. This chapter also gives each airport an estimate of the maximum number of originations within its market area. With the information in this chapter, Idaho's airports have a better understanding of their commercial air service market.